

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE OWYHEE IRRIGATION DISTRICT

October 22, 2002

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on October 22, 2002, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:05 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Fred Schilling Duane L. Drydale
Bruce Corn

Also present were: Bruce Cruickshank and Kelly Bennett, District patrons; Gene Stunz, Assistant Secretary; J.L. Eldred, OID Water Master; Jay Chamberlin, District Manager; and Michael W. Horton, Secretary and General Counsel.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting.

RESERVOIR STORAGE. Mr. Chamberlin reported that the reservoir storage as of October 22, 2002 is 73,335 acre feet and that the storage as of October 22, 2001 was 57,449 acre feet.

MINUTES. Minutes of the meeting of Directors held on September 17, 2002, had been mailed to each Director prior to the meeting. A motion was made by Director Schilling and seconded by Director Drydale that the minutes be approved as submitted. The motion passed unanimously.

BRUCE CRUICKSHANK. Jay Chamberlin introduced Bruce Cruickshank, a District patron. Mr. Chamberlin said that Mr. Cruickshank has some questions for the Board with regard to moving water between parcels. Mr. Cruickshank said that he owns different parcels within the District which do not adjoin. He said he would like to move water from one parcel to another. Mr. Horton explained Oregon Water Law and the fact that water is appurtenant to certain parcels of land and cannot be moved from one parcel to another without going through a transfer procedure. Mr. Horton said that there is a temporary transfer procedure which will allow water to be moved from one parcel to another during one calendar year. Mr. Horton explained the process and

laws governing the temporary transfer procedure. The consensus of the Board was that it could not authorize a transfer from one parcel to another without Mr. Cruickshank going through the proper transfer process. Mr. Cruickshank expressed his desire that everyone within the District be treated the same. Mr. Chamberlin stated that the Board will be looking at adopting District-wide policies which may include provisions relating to water transfers. Mr. Cruickshank thanked the Board for its time.

KELLY BENNETT. Jay Chamberlin introduced Kelly Bennett, a District patron who would like the District to install a pipeline in place of one of its open ditch laterals. Mr. Chamberlin said that Mr. Bennett obtains water from the Kingman Pump. He explained the layout of Mr. Bennett's property and the disagreement which Mr. Bennett has been having with regard to delivery of his water and his neighbor who is another District patron, Bill Holmes. Mr. Bennett explained that he obtains water out of the lateral using syphon tubes. The lateral then runs to Mr. Holmes' property and Mr. Holmes has complained that Mr. Bennett is not leaving enough water for him. Mr. Chamberlin said that the weir and ditch located on the property are owned by OID. Mr. Chamberlin explained that Mr. Holmes put a lock on the District's weir with his permission. He said that he will not give such permission next year. Various ways to supply water to the parties in such a manner as to avoid conflict between the two water users was discussed. Bruce Cruickshank mentioned a similar situation in his division. President Corn stated that there are a myriad of these issues throughout the District. Mr. Chamberlin stated that the cost of piping the lateral would be \$3,400. He stated that the pipeline above the lateral is leaking in places and does need to be replaced. He provided the Board with an approximate cost estimate on replacing the leaking pipeline.

At 9:17 p.m., Bruce Cruickshank left the meeting.

A discussion on potential solutions continued. After discussion, President Corn said that the Board will make a decision and get back to Kelly Bennett. Director Schilling stated that separate pipelines above the weir may be the only solution. President Corn stated that budget concerns are always factors in providing a solution.

Mr. Bennett stated there was a ditch break on Mr. Wagstaff's property which silted in a county road. Mr. Chamberlin said he would look at the situation tomorrow.

At 9:30 p.m., Kelly Bennett left the meeting.

J.L. Eldred acknowledged that a new pipeline will be needed in the Bennett area within the next three years. Mr. Chamberlin said that a similar situation exists about one mile up from Mr. Bennett's property. That situation was discussed as were other areas with similar problems throughout the District. It was noted that bubblers being installed by District patrons have become a big problem.

OWYHEE DAM POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report for Owyhee Dam Power Project for the period ending September 30, 2002, which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. The report shows a net profit for the year of \$776,347.64.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Owyhee Dam Power Project:

Ore-Ida Utilities	\$ 271.58
Nichols Accounting Group	293.00
Stunz Law Firm	257.90
AT&T	16.66
Malheur Bell	<u>50.11</u>
Total	\$ 889.25

A motion was made by Director Schilling and seconded by Director Drydale that the accounts payable for the month of October as listed in the agenda be paid. The motion passed unanimously.

TUNNEL POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the period ending September 30, 2002 which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. The report shows a net loss for the year of \$571,309.21.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Tunnel Power Project:

Ore-Ida Utilities	\$ 201.73
Nichols Accounting Group	<u>345.00</u>
Total	\$ 546.73

A motion was made by Director Schilling and seconded by Director Drydale that the accounts payable for the month of October as listed in the agenda be paid. The motion passed unanimously.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the period ending September 30, 2002, which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. The report shows a net profit for the year of \$115,294.20.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Mitchell Butte Power Project:

Nichols Accounting Group	228.00
Talk America	15.03
AT&T	19.63
Malheur Bell	<u>134.08</u>
Total	\$ 396.74

A motion was made by President Corn and seconded by Director Drydale that the accounts payable for the month of October, as listed in the agenda be paid. The motion passed unanimously.

B&M EQUIPMENT BUILDING. Mr. Horton said that the prospective purchaser agreement has been negotiated and he submitted a final draft of the agreement to President Corn which he signed. He said that there is now a problem with one of the lien holders on the property who believes that the building is worth more money. Mr. Chamberlin said that the lien holder will be visiting the area and touring the building in the next few days. A motion was made by Director Drydale, seconded by Director Schilling, and unanimously carried approving and ratifying the signing of the prospective purchaser agreement.

ESTIMATED PUMPING COSTS FOR 2002. Jay Chamberlin said that he received a letter from Jerry Gregg at the Bureau of Reclamation which estimates pumping costs for 2003 at \$327,999.00. This compares to \$216,000 of actual pumping costs for 2001.

DRAFT 2003 BUDGET. Mr. Chamberlin presented a draft budget for the year 2003. The proposed draft budget includes a \$0.50 per acre increase. He said that health insurance costs have increased significantly. The Directors reviewed the draft budget. Mr. Horton noted that the audit and legal amount in the budget seems low. President Corn noted a big difference in materials and supplies compared to last year. Director Schilling asked what equipment purchases Mr. Chamberlin is planning for next year. Mr. Chamberlin handed out an equipment purchase schedule which outlines proposed purchases for the next three years. He went through the schedule item by item. The schedule lays out light duty vehicles and heavy equipment which Mr. Chamberlin proposes purchasing. Mr. Chamberlin said that he recently purchased a pup trailer to haul gravel for \$5,500. He explained the equipment needed and the reasons why such equipment is needed. He stated that he also purchased a 130 G Cat road Grader for \$25,000. Mr. Eldred said that having a trailer to haul backhoes around would allow the District to get an extra year out of the backhoes. A possible trailer purchase was discussed. Mr. Chamberlin said that he would like to purchase a track Cat instead of a rubber tired machine. President Corn said that he likes the idea of using bigger equipment which then requires less manpower and makes the District more efficient. The Board consensus was to have Mr. Chamberlin investigate prices for a D14. Director Schilling noted that a weed beater is not listed on the proposed equipment purchase list. Mr. Chamberlin will update the draft budget and submit it for approval at next month's meeting.

RIGHT OF WAY ENCROACHMENT. Jay Chamberlin handed out photographs of hay bales which Tom Brewer put up across the District's road. In the past, Mr. Brewer put an electric fence wire across the right of way which had gotten knocked down and a couple of his cows had gotten out. The Board consensus was that Jay Chamberlin is to contact Mr. Brewer and tell him to remove the hay bales from the District's road.

PROPOSED PIPELINE PROJECT. Mr. Chamberlin handed out a schedule of proposed pipeline improvement projects. He said that he would like the Board to prioritize these projects and begin working on some of them this winter. The handout was

reviewed by the Board. The Board consensus was to have work begin immediately on some of the small projects on the list.

OWYHEE DAM PROPOSED WINTER WORK SCHEDULE. Mr. Chamberlin handed out a proposed winter work schedule for projects at the Dam. The majority of the work involves improving security at the facility. The work schedule was reviewed and discussed. Mr. Chamberlin said that he has been spreading the word that public access at the Dam may be limited in the future. He said that the recommendations of the security firm centered around new doors, fences, and lighting.

WATER RIGHT APPLICATION UPDATE. Mr. Chamberlin said that Jerry Gregg from the Bureau of Reclamation notified him that NMFS' regional director feels comfortable with the mitigation proposal which the Bureau submitted, however, he is referring the proposal up the chain of command for approval.

2001 AUDIT. Mr. Horton reminded the Directors that the audit had been presented at last month's meeting. The Directors said that they had reviewed the audit. A motion was made by Director Schilling to approve the audit except for the introductory statements in the audit which say that Mr. Schilling represents the Ontario Division. The motion was seconded by Director Drydale and passed unanimously.


DIRECTORS' ELECTIONS. Mr. Horton stated that the deadline for filing nomination petitions for the two director positions up for election has passed. Only one petition was received for each position. Each of the petitions contained at least 10 signatures of eligible District patrons. A petition for Division #2 nominates Frank Ausman. A petition for Division #5 nominates Jerry Nagaki. Mr. Horton said that Oregon Statutes provide that if only one nominating petition is submitted for a division, that the Board is to name the person nominated in the petition as the duly elected Director without an election. A motion was made by Director Schilling and seconded by Director Drydale naming Frank Ausman as a duly elected Director for Division #2 and Jerry Nagaki as a duly elected Director for Division #5, each to a three-year term commencing January 1, 2004. The motion passed unanimously.

HISTORY BOOK. Mr. Horton stated that Mr. Stunz provided him with Copyright and Library of Congress Applications for the history book which Mr. Stunz is writing. Mr. Horton reviewed the costs of the copyright and said that there is also an international number which you can get for a publication to protect the copyright overseas. The cost of the international number is quite a bit more than the national copyright cost and

the Board consensus was not to apply for an international number. Mr. Stunz stated that the book is close to being printed. He said that once he receives all of the printed pages, he will begin to put together an index.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 12:06 a.m., on October 23, 2002.

Respectfully submitted,



Secretary

APPROVED: _____